

PIKE COUNTY, GEORGIA



ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
OCTOBER 31, 2008**

PIKE COUNTY, GEORGIA
AUDIT REPORT
FOR THE FISCAL YEAR ENDED
OCTOBER 31, 2008

PIKE COUNTY, GEORGIA

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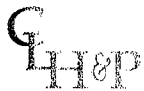
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pike County, Georgia

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia as of and for the fiscal year ended October 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pike County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pike County Department of Public Health, Pike County Library, Pike County Clean and Beautiful, Pike County Water and Sewer Authority, Pike County Agribusiness Authority, or the Development Authority of Pike County, which represents 87 percent, 75 percent, 71 percent, respectively, of the assets, net assets, and revenues of the aggregate component units of Pike County, Georgia. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pike County Department of Public Health, Pike County Library, Pike County Clean and Beautiful, Pike County Water and Sewer Authority, Pike County Agribusiness Authority, and the Development Authority of Pike County, is based on the report of the other auditors.

Except as described in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The County did not maintain adequate subsidiary capital asset records for the governmental activities as of October 31, 2008, and we were unable to satisfy ourselves regarding the cost and related accumulated depreciation of the capital assets by means of other auditing procedures.

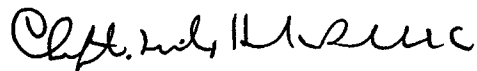
In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, General Fund, Bond Project Fund, 2006 SPLOST Fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Pike County, Georgia as of October 31, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2009, on our consideration of Pike County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pike County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of project expenditures with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of project expenditures with special sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macon, Georgia
April 24, 2009



MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of Pike County Georgia (the County) annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended October 31, 2008. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The County's assets exceeded its liabilities by \$16,997,281 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets including property and equipment net of related debt and accumulated depreciation and also reduced for the outstanding debt related to the purchase or construction of the capital assets equal \$3,877,159.
 - (2) Net assets restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations total \$2,128,996.
 - (3) Unrestricted net assets of \$10,991,126 represent the portion available to maintain the continuing obligations of the County to all citizens and creditors.
- The County's governmental funds reported total ending fund balance of \$6,775,287 this year. This compares to the prior year ending fund balance of \$8,799,310 showing a decrease of \$2,024,023 during the current year. Unreserved fund balance of \$5,185,747 for fiscal year 2008 shows a \$471,083 decrease from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,035,591, or 51.5% of total general fund expenditures
- Overall, the County continues to maintain a strong financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the County's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by property and sales taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, roads and bridges, health and welfare, and culture and recreation. Business-type activities include the sanitation fund.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The County has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County has one proprietary fund classified as a enterprise fund. The enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization for sanitation services.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

General Fund Budgetary Highlights

The General Fund had an excess of \$623,057 in expenditures over revenues.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the County as a Whole

The County implemented a new financial reporting model in the report beginning with the fiscal year ended October 31, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the County as a whole.

The County's net assets at fiscal year-end are \$16,996,613. The following table provides a summary of the County's net assets:

| Summary of Net Assets | | | | | | |
|--|------------------------------------|----------------------|-------------------------------------|------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current assets | \$ 13,567,661 | \$ 15,217,384 | \$ - | \$ 12,352 | \$ 13,567,661 | \$ 15,229,736 |
| Capital assets | 5,871,172 | 4,096,394 | - | 23,505 | 5,871,172 | 4,119,899 |
| Total assets | 19,438,833 | 19,313,778 | - | 35,857 | 19,438,833 | 19,349,635 |
| Liabilities: | | | | | | |
| Current liabilities | 1,083,276 | 853,787 | - | 4,714 | 1,083,276 | 858,501 |
| Long-term liabilities | 1,358,276 | 1,996,435 | - | 785 | 1,358,276 | 1,997,220 |
| Total liabilities | 2,441,552 | 2,850,222 | - | 5,499 | 2,441,552 | 2,855,721 |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 3,877,159 | 1,781,043 | - | 23,505 | 3,877,159 | 1,804,548 |
| Restricted | 2,128,996 | 3,134,723 | - | - | 2,128,996 | 3,134,723 |
| Unrestricted | 10,991,126 | 11,547,790 | - | 6,853 | 10,991,126 | 11,554,643 |
| Total net assets | \$ 16,997,281 | \$ 16,463,556 | \$ - | \$ 30,358 | \$ 16,997,281 | \$ 16,493,914 |

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 12.75 to 1. For the County overall, the current ratio is 12.75 to 1, which is adequate.

The County reported a negative change in net assets for business-type activities and a positive change for governmental activities. Net assets increased by \$533,725 for governmental activities and decreased by \$30,358 for business-type activities. The County's overall financial position increased during fiscal year 2008.

Capital in the form of net assets comprises 30.2% of the government's activities. The County uses these capital assets to provide services to its citizens. Approximately 34.5% of the County's total net assets are included in capital assets.

The following table provides a summary of the County's changes in net assets:

| | Summary of Changes in Net Assets 12/31/2008 | | | | 12/31/2007 | | | |
|------------------------|--|--------------------------------|---------------|----------------|----------------------------|--------------------------------|--------------|----------------|
| | Governmental Activities | Business Type Activities | Total | Pctg of Ttl | Governmental Activities | Business Type Activities | Total | Pctg of Ttl |
| Revenues: | | | | | | | | |
| Program: | | | | | | | | |
| Charges for services | \$ 1,347,624 | \$ 12,746 | \$ 1,360,370 | 12% | \$ 1,423,922 | \$ 93,847 | \$ 1,517,769 | 8% |
| Operating grants | 36,407 | - | 36,407 | 0% | 59,619 | - | 59,619 | 0% |
| Capital grants | 672,552 | - | 672,552 | 6% | 547,580 | - | 547,580 | |
| General: | | | | | | | | |
| Taxes | 9,151,238 | - | 9,151,238 | 81% | 18,391,690 | - | 18,391,690 | 88% |
| Other | 194,461 | 7,381 | 201,842 | 1% | 436,665 | - | 436,665 | 2% |
| Total Revenues | 11,402,282 | 20,127 | 11,422,409 | 100% | 20,859,476 | 93,847 | 20,953,323 | 100% |
| Special Items | (69,752) | - | (69,752) | | - | - | - | |
| Transfers | 22,721 | (22,721) | - | | (113,027) | 113,027 | - | |
| Total Rev & Trnsfrs | 11,355,251 | (2,594) | 11,352,657 | 100% | 20,746,449 | 206,874 | 20,953,323 | 100% |
| Program Expenses: | | | | | | | | |
| General government | 4,449,099 | - | 4,449,099 | 41% | 3,471,575 | - | 3,471,575 | 34% |
| Judicial | 1,018,924 | - | 1,018,924 | 9% | 991,663 | - | 991,663 | 10% |
| Public safety | 2,414,083 | - | 2,414,083 | 22% | 3,409,320 | - | 3,409,320 | 33% |
| Public works | 1,791,137 | - | 1,791,137 | 17% | 1,136,339 | - | 1,136,339 | 11% |
| Health and welfare | 199,593 | - | 199,593 | 2% | 179,438 | - | 179,438 | 2% |
| Culture and recreation | 505,736 | - | 505,736 | 5% | 506,595 | - | 506,595 | 5% |
| Miscellaneous | 366,201 | - | 366,201 | 3% | 268,563 | - | 268,563 | 3% |
| Interest | 76,753 | - | 76,753 | 1% | 49,408 | - | 49,408 | 0% |
| Solid waste | - | 27,764 | 27,764 | 0% | - | 213,662 | 213,662 | 2% |
| Curbside waste | - | - | - | 0% | - | - | - | 0% |
| Total expenses | 10,821,526 | 27,764 | 10,849,290 | 100% | 10,012,901 | 213,662 | 10,226,563 | 100% |
| Change in net assets | 533,725 | (30,358) | 503,367 | | 10,733,548 | (6,788) | 10,726,760 | |
| Beginning net assets | 16,463,556 | 30,358 | 16,493,914 | | 5,730,008 | 37,146 | 5,767,154 | |
| Ending net assets | \$16,997,281 | \$ - | \$ 16,997,281 | | \$16,463,556 | \$ 30,358 | \$16,493,914 | |

GOVERNMENTAL REVENUES

The County is heavily reliant on property taxes to support governmental operations. In 2008, property taxes provided 46.7% and sales taxes provided 17.8% of total governmental revenues compared to 62.7% and 10.8% respectively for 2007. Because of the County's healthy financial position, we have been able to earn \$136,004 in interest earnings to support governmental activities. Also, note that program revenues cover only 12% of the primary government operating expenses. Taxpayers of the County and other general governmental revenues fund 88% of the primary government activities. As a result, the general economy and the County businesses have a major impact on the County's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

The general government and public safety functions make up 63.2% of the total governmental activities expenses. The health and welfare function expenses totaled over \$199,593.

This table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden placed on the County's taxpayers by each of these functions.

| | <u>Governmental Activities</u> | | | | | | | |
|------------------------|--------------------------------|---------------|----------------------|---------------|------------------------|---------------|----------------------|---------------|
| | <u>10/31/2008</u> | | | | <u>10/31/2007</u> | | | |
| | Total Cost of Services | | Net Cost of Services | | Total Cost of Services | | Net Cost of Services | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| General government | \$ 4,449,099 | 41.1% | \$ 3,438,347 | 39.2% | \$ 3,471,575 | 34.7% | \$ 1,777,776 | 22.3% |
| Public safety | 2,414,083 | 22.3% | 2,012,511 | 23.0% | 3,409,320 | 34.0% | 3,086,243 | 38.7% |
| Public works | 1,791,137 | 16.6% | 1,727,947 | 19.7% | 1,136,339 | 11.3% | 1,122,094 | 14.1% |
| Judicial | 1,018,924 | 9.4% | 1,018,924 | 11.6% | 991,663 | 9.9% | 991,663 | 12.4% |
| Health and welfare | 199,593 | 1.8% | 199,593 | 2.3% | 179,438 | 1.8% | 179,438 | 2.2% |
| Culture and recreation | 505,736 | 4.7% | (75,333) | -0.9% | 506,595 | 5.1% | 506,595 | 6.3% |
| Miscellaneous | 366,201 | 3.4% | 366,201 | 4.2% | 268,563 | 2.7% | 268,563 | 3.4% |
| Interest | 76,753 | 0.7% | 76,753 | 0.9% | 49,408 | 0.5% | 49,408 | 0.6% |
| Total | <u>\$ 10,821,526</u> | <u>100.0%</u> | <u>\$ 8,764,943</u> | <u>100.0%</u> | <u>\$ 10,012,901</u> | <u>100.0%</u> | <u>\$ 7,981,780</u> | <u>100.0%</u> |

After reducing gross expenses by program revenues, public safety totals 23% of the net cost of services, primarily due to court fines.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$6,775,287. Of this year-end total, \$5,185,747 is unreserved indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the reserved fund balances) include \$1,589,540 reserved for capital outlay.

The total ending fund balances of governmental funds show a decrease of \$2,024,023 or 22.7% below the prior year.

Major Governmental Funds

General Fund - The general fund is the County's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance decreased by \$497,799. In fiscal year 2007, the fund balance increased by \$6,819,959.

General property taxes decreased by \$4,205,735 or 46% over fiscal 2007. General fund local option sales taxes increased by \$325,997 or 21% from fiscal 2007.

On the expenditure side, general fund expenditures increased by \$2,601,059 or 26% above 2007. General government expenditures decreased by \$105,365 or 5%. Most governmental areas increased in 2008 over 2007. The increases were (1) public works by 77%, (2) public safety by 7% (3) Judicial by 3%, (4) and Health and welfare by 14%.

The general fund's ending fund balance equaling 52.4% of the annual expenditures is adequate.

Budgetary Highlights

The General Fund – We amended the 2008 adopted budget as the result of updated forecasts for revenues and expenditures including an increase to miscellaneous revenue of \$58,717. Departmental expenditures were increased by \$227,924 while Transfers Out were increased by \$70,000.

| Revenues | Final Budget | Actual | Variance | Inc/(Dec) |
|----------------------|---------------------|---------------------|---------------------|--------------|
| Taxes | \$ 8,218,780 | \$ 7,567,929 | \$ (650,851) | -8% |
| Intergovernmental | 662,268 | 660,854 | (1,414) | 0% |
| Licenses & Permits | 191,028 | 192,708 | 1,680 | 1% |
| Fines & Forfeitures | 395,363 | 408,155 | 12,792 | 3% |
| Charges for Services | 253,288 | 249,184 | (4,104) | -2% |
| Interest Earnings | 75,250 | 80,731 | 5,481 | 7% |
| Miscellaneous | 75,217 | 58,457 | (16,760) | -22% |
| | <u>\$ 9,871,194</u> | <u>\$ 9,218,018</u> | <u>\$ (653,176)</u> | <u>-6.6%</u> |

In total, the County realized 93.3% of the amended revenues.

The general government spent \$49,723 less than the budget spread among all the various departments.

The general fund expended 100% of its appropriation in 2008.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of October 31, 2008, was \$5,870,504 and \$0 respectively. This increase in net investment was 43% for governmental while the business-type activities showed a decrease of 100%. The overall increase was 42% for the County as a whole. See Note 8 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

| | Capital Assets | | | | | |
|---------------------------------|-------------------------|--------------|---------------------|-----------|--------------|--------------|
| | Governmental Activities | | Business Activities | | Total | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 127,833 | \$ 127,833 | \$ - | \$ - | \$ 127,833 | \$ 127,833 |
| Depreciable assets: | | | | | | |
| Buildings | 3,398,134 | 2,624,116 | - | 33,807 | 3,398,134 | 2,657,923 |
| Machinery and equipment | 2,811,372 | 2,735,563 | - | 92,135 | 2,811,372 | 2,827,698 |
| Vehicles | 2,958,553 | 1,824,181 | - | - | 2,958,553 | 1,824,181 |
| Infrastructure | 596,213 | - | - | - | 596,213 | - |
| Total depreciable assets | 9,764,272 | 7,183,860 | - | 125,942 | 9,764,272 | 7,309,802 |
| Less accumulated depreciation | 4,020,933 | 3,215,299 | - | 102,437 | 4,020,933 | 3,317,736 |
| Book value - depreciable assets | 5,743,339 | 3,968,561 | - | 23,505 | 5,743,339 | 3,992,066 |
| Percentage depreciated | 41% | 45% | 0% | 81% | 41% | 45% |
| Book value - all assets | \$ 5,871,172 | \$ 4,096,394 | \$ - | \$ 23,505 | \$ 5,871,172 | \$ 4,119,899 |

At October 31, 2008, the depreciable capital assets for governmental activities were 41% depreciated. This compares favorably to the October 31, 2007 percentage. This comparison indicates that the County is replacing its assets at the same rate as they are depreciating which is a positive indicator.

There were no capital assets associated with business type activities at October 31, 2008.

Long-term Debt

As of October 31, 2008, Pike County had \$2.1 million in outstanding long-term debt, which does not include interest expense.

Outstanding Borrowings

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------|----------------------------|---------------------|-----------------------------|-------------|---------------------|--------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| General obligation bonds | \$ 1,990,000 | \$ 2,310,000 | \$ - | \$ - | \$ 1,990,000 | \$2,310,000 |
| Premium on Bonds | 4,013 | 5,351 | - | - | 4,013 | 5,351 |
| Compensated absences | 62,601 | 54,422 | - | - | 62,601 | 54,422 |
| Total | <u>\$ 2,056,614</u> | <u>\$ 2,369,773</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,056,614</u> | <u>\$2,369,773</u> |

See Note 9 for additional information about the County's long-term debt.

Economic Conditions Affecting the County

The Fiscal year 2008/09 will provided some notable activities that have had direct effects on our revenues. Two noteworthy events were the simple opening of a family oriented restaurant on the main street of Zebulon and an opening of a finer eating establishment located in the new airport project in the north end of the County. Both have generated significant L.O.S.T. revenues that have helped addresses and lessen the economic impact of the national recession.

Pike County instituted an ISO survey with the assistance of the National Fire Service team. The Board of Commissioners is fully aware of the efforts and results of this initiative and firmly supported the paying of additional fees of \$4,000 per city to bring them on-board with the same survey results. It is our belief that this survey can yield positive lower liability insurance rates for all of Pike County's residences when considerations are added in for the construction of three new fire stations, the purchase of 4 new American LaFrance engine pumpers, and two new 4,000-gallon fire tankers.

Yancy Brothers/Caterpillar also announced during 2008. The expansion of their current testing facility involves the investment of \$2,600,000 in capital improvements to its Pike County plant. This expansion will add 20-30 new employee positions. Thru the efforts of the Pike County IDA, we continue to seek out positive and suitable economic development opportunities for the area.

Contacting the County's Financial Management

The design of this financial report is to provide a general overview of the County's finances, compliance with finance-related laws and regulations, and demonstration of the County's commitment to public accountability. Please direct any questions you may have regarding this report or request for additional information to the County Manager at (770)-567-3406.

BASIC FINANCIAL STATEMENTS

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PIKE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
OCTOBER 31, 2008

| | Primary Government | | | |
|---|----------------------------|-----------------------------|---------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 2,536,786 | \$ - | \$ 2,536,786 | \$ 620,318 |
| Certificate of deposit | 255,187 | - | 255,187 | - |
| Receivables, net of allowance | | | | |
| Taxes | 10,443,942 | - | 10,443,942 | - |
| Accounts | 23,434 | - | 23,434 | 24,667 |
| Due from other governments | 127,718 | - | 127,718 | - |
| Deferred charge | 36,526 | - | 36,526 | - |
| Prepaid items | 144,068 | - | 144,068 | - |
| Capital assets | | | | |
| Non depreciable | 127,833 | - | 127,833 | 2,936,563 |
| Depreciable, net | 5,743,339 | - | 5,743,339 | 5,230,093 |
| Total Assets | 19,438,833 | - | 19,438,833 | 8,811,641 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | 310,017 | - | 310,017 | 22,498 |
| Accrued salaries and benefits | 74,921 | - | 74,921 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 698,338 | - | 698,338 | 576,572 |
| Due in more than one year | 1,358,276 | - | 1,358,276 | 2,806,140 |
| Total Liabilities | 2,441,552 | - | 2,441,552 | 3,405,210 |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 3,877,159 | - | 3,877,159 | 4,828,095 |
| Restricted for | | | | |
| Restricted for capital outlay | 1,589,540 | - | 1,589,540 | - |
| Restricted for debt service | 389,300 | - | 389,300 | - |
| Restricted for program purposes | 150,156 | - | 150,156 | - |
| Unrestricted | 10,991,126 | - | 10,991,126 | 578,336 |
| Total Net Assets | \$ 16,997,281 | \$ - | \$ 16,997,281 | \$ 5,406,431 |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| Functions/Programs | Expenses | Program Revenues | | |
|--|---------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities | | | | |
| General government | \$ 4,449,099 | \$ 939,105 | \$ 36,407 | \$ 35,240 |
| Public safety | 2,414,083 | 395,329 | - | 6,243 |
| Public works | 1,791,137 | 13,190 | - | 50,000 |
| Courts | 1,018,924 | - | - | - |
| Health and welfare | 199,593 | - | - | - |
| Culture and recreation | 505,736 | - | - | 581,069 |
| Economic development | 366,201 | - | - | - |
| Interest on long-term debt | 76,753 | - | - | - |
| Total governmental activities | 10,821,526 | 1,347,624 | 36,407 | 672,552 |
| Business-Type Activities | | | | |
| Sanitation Fund | 27,764 | 12,746 | - | - |
| Total Primary Government | \$ 10,849,290 | \$ 1,360,370 | \$ 36,407 | \$ 672,552 |
| Component Units: | | | | |
| Pike County Department of Public Health | \$ 384,237 | \$ 138,738 | \$ 201,031 | \$ - |
| Pike County Library | 111,273 | 5,510 | 112,859 | 42,910 |
| Pike County Clean and Beautiful | 28,231 | - | 24,000 | - |
| Pike County Water and Sewerage Authority | 232,594 | 46,524 | 94,950 | 1,954,669 |
| Pike County Agribusiness Authority | 34,897 | 1,635 | 30,000 | - |
| Development Authority of Pike County | 195,829 | - | 192,000 | - |
| Pike County Recreation Authority | 371,965 | 54,575 | 339,678 | 35,300 |
| Total Component Units | \$ 1,359,026 | \$ 246,982 | \$ 994,518 | \$ 2,032,879 |

General Revenues
Property tax
Sales tax
Motor vehicle tax
Other tax
Interest revenue
Miscellaneous
Gain on sale of asset
Total General Revenues

Special Item - Donation of capital assets
Transfers
Total General Revenues, Special Items and Transfers

Change in Net Assets

Net Assets - Beginning of year - as previously reported

Prior period adjustment

Net Assets - Beginning of year - restated

Net Assets - End of year

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| Net (Expense) Revenue and Changes in Net Assets | | | |
|--|-----------------------------|----------------|--------------------|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Units |
| \$ (3,438,347) | \$ - | \$ (3,438,347) | |
| (2,012,511) | - | (2,012,511) | |
| (1,727,947) | - | (1,727,947) | |
| (1,018,924) | - | (1,018,924) | |
| (199,593) | - | (199,593) | |
| 75,333 | - | 75,333 | |
| (366,201) | - | (366,201) | |
| (76,753) | - | (76,753) | |
| (8,764,943) | - | (8,764,943) | |
| - | (15,018) | (15,018) | |
| (8,764,943) | (15,018) | (8,779,961) | |
| | | | \$ (44,468) |
| | | | 50.006 |
| | | | (4,231) |
| | | | 1,863,549 |
| | | | (3,262) |
| | | | (3,829) |
| | | | 57,588 |
| | | | 1,915,353 |
| 5,582,435 | - | 5,582,435 | - |
| 1,932,458 | - | 1,932,458 | - |
| 810,307 | - | 810,307 | - |
| 826,038 | - | 826,038 | - |
| 136,004 | 144 | 136,148 | 7,996 |
| 58,457 | 7,237 | 65,694 | 6,134 |
| - | - | - | 5,000 |
| 9,345,699 | 7,381 | 9,353,080 | 19,130 |
| (69,752) | - | (69,752) | 69,752 |
| 22,721 | (22,721) | - | - |
| 9,298,668 | (15,340) | 9,283,328 | 88,882 |
| 533,725 | (30,358) | 503,367 | 2,004,235 |
| 16,463,556 | 30,358 | 16,493,914 | 3,426,904 |
| - | - | - | (24,708) |
| 16,463,556 | 30,358 | 16,493,914 | 3,402,196 |
| \$ 16,997,281 | \$ - | \$ 16,997,281 | \$ 5,406,431 |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2008

| | General Fund | Bond Project Fund | 2006 SPLOST | Non-Major Governmental Funds | Total Governmental Funds |
|--------------------------------------|----------------------|----------------------|-------------------|------------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 872,491 | \$ 323,267 | \$ 806,290 | \$ 534,738 | \$ 2,536,786 |
| Certificate of deposit | 255,187 | - | - | - | 255,187 |
| Receivables, net of allowance | | | | | |
| Taxes | 10,273,598 | - | 170,344 | - | 10,443,942 |
| Other receivables | - | - | - | 23,434 | 23,434 |
| Due from other governments | 126,818 | - | - | 900 | 127,718 |
| Due from other funds | 177 | - | - | - | 177 |
| Prepaid items | 144,068 | - | - | - | 144,068 |
| Total Assets | <u>\$ 11,672,339</u> | <u>\$ 323,267</u> | <u>\$ 976,634</u> | <u>\$ 559,072</u> | <u>\$ 13,531,312</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 197,324 | \$ 109,849 | \$ - | \$ 2,844 | \$ 310,017 |
| Accrued payroll deductions | 68,514 | - | - | 6,407 | 74,921 |
| Due to other funds | - | - | - | 177 | 177 |
| Deferred revenues | | | | | |
| Taxes | 6,370,910 | - | - | - | 6,370,910 |
| Total Liabilities | <u>6,636,748</u> | <u>109,849</u> | <u>-</u> | <u>9,428</u> | <u>6,756,025</u> |
| Fund Balances: | | | | | |
| Reserved | | | | | |
| for capital outlay | - | 213,418 | 976,634 | 399,488 | 1,589,540 |
| Unreserved, reported in | | | | | |
| General Fund | 5,035,591 | - | - | - | 5,035,591 |
| Special Revenue Funds | - | - | - | 150,156 | 150,156 |
| Total Fund Balances | <u>5,035,591</u> | <u>213,418</u> | <u>976,634</u> | <u>549,644</u> | <u>6,775,287</u> |
| Total Liabilities and Fund Balances | <u>\$ 11,672,339</u> | <u>\$ 323,267</u> | <u>\$ 976,634</u> | <u>\$ 559,072</u> | <u>\$ 13,531,312</u> |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
OCTOBER 31, 2008

| | |
|---|----------------------|
| Total Fund Equity per Balance Sheet of Governmental Funds | \$ 6,775,287 |
| Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following: | |
| Deferred charge for issuance costs | 36,526 |
| Capital Assets | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Cost of the assets | 9,892,105 |
| Accumulated depreciation | (4,020,933) |
| Revenues | |
| Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. | 6,370,910 |
| Long-term Liabilities | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following: | |
| Bonds payable | (1,990,000) |
| Bonds premium | (4,013) |
| Compensated absences | (62,601) |
| Total Adjustments | <u>10,221,994</u> |
| Total Net Assets of Governmental Activities | <u>\$ 16,997,281</u> |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | General Fund | Bond Project Fund | 2006 SPLOST | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------|----------------------|----------------|------------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | | |
| Taxes | | | | | |
| Property tax | \$ 5,100,380 | \$ - | \$ - | \$ - | \$ 5,100,380 |
| Sales tax | 831,204 | - | 1,101,254 | - | 1,932,458 |
| Other taxes | 1,636,345 | - | - | - | 1,636,345 |
| License and permits | 192,708 | - | - | 171,838 | 364,546 |
| Intergovernmental | 660,854 | - | - | 48,105 | 708,959 |
| Fines and forfeitures | 408,155 | - | - | 45,291 | 453,446 |
| Charges for services | 249,184 | - | - | 280,448 | 529,632 |
| Interest earnings | 80,731 | 28,752 | 8,557 | 17,964 | 136,004 |
| Other revenues | 58,457 | - | - | - | 58,457 |
| Total Revenues | 9,218,018 | 28,752 | 1,109,811 | 563,646 | 10,920,227 |
| <u>Expenditures:</u> | | | | | |
| Current: | | | | | |
| General government | 2,255,136 | 6,824 | - | 2,821 | 2,264,781 |
| Public safety | 3,143,445 | - | - | 535,270 | 3,678,715 |
| Public works | 2,395,012 | - | - | - | 2,395,012 |
| Judicial | 1,010,933 | - | - | - | 1,010,933 |
| Health and welfare | 172,046 | - | - | - | 172,046 |
| Culture and recreation | 498,302 | - | - | - | 498,302 |
| Housing and development | 366,201 | - | - | - | 366,201 |
| Debt Service | | | | | |
| Principal | - | - | 320,000 | - | 320,000 |
| Interest and fiscal charges | - | - | 76,753 | - | 76,753 |
| Capital Outlay | - | 1,669,920 | 391,223 | 131,101 | 2,192,244 |
| Total Expenditures | 9,841,075 | 1,676,744 | 787,976 | 669,192 | 12,974,987 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (623,057) | (1,647,992) | 321,835 | (105,546) | (2,054,760) |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Transfers from other funds | 419,620 | 204,402 | - | 325,099 | 949,121 |
| Transfers to other funds | (325,883) | - | - | (624,022) | (949,905) |
| Proceeds from sale of property | 31,521 | - | - | - | 31,521 |
| Total other financing sources (uses) | 125,258 | 204,402 | - | (298,923) | 30,737 |
| Net change in fund balances | (497,799) | (1,443,590) | 321,835 | (404,469) | (2,024,023) |
| Fund Balance, beginning of year | 5,533,390 | 1,657,008 | 654,799 | 954,113 | 8,799,310 |
| Fund Balance, end of year | \$ 5,035,591 | \$ 213,418 | \$ 976,634 | \$ 549,644 | \$ 6,775,287 |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | |
|--|----------------|
| Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances | \$ (2,024,023) |
|--|----------------|

Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

| | |
|-----------------------|-----------|
| Total capital outlays | 2,637,912 |
| Total depreciation | (846,705) |

In the Statement of Activities, only the loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the capital assets sold or disposed.

| | |
|---------------------------------|----------|
| Total gain / (loss) on disposal | (16,429) |
|---------------------------------|----------|

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

| | |
|--------------------------------|----------|
| Bond payments | 320,000 |
| Compensated absences | (8,179) |
| Amortization of issuance costs | (12,244) |
| Amortization of bond premium | 1,338 |

Revenues

Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues increased by this amount during the fiscal year.

482,055

Total Adjustments

2,557,748

Change in Net Assets of Governmental Activities

\$ 533,725

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| <u>Taxes:</u> | | | | |
| General property tax | \$ 6,450,989 | \$ 5,747,745 | \$ 5,100,380 | \$ (647,365) |
| Local option sales tax | 900,000 | 900,000 | 831,204 | (68,796) |
| Other: | | | | |
| Motor vehicle tax | 725,292 | 725,292 | 810,307 | 85,015 |
| Intangible tax | 115,000 | 115,000 | 111,231 | (3,769) |
| Mobile home tax | 33,054 | 33,054 | 20,015 | (13,039) |
| Timber taxes | 12,972 | 12,972 | 8,628 | (4,344) |
| Insurance premium tax | 530,000 | 545,000 | 557,238 | 12,238 |
| Penalties and interest | 56,500 | 80,878 | 90,798 | 9,920 |
| Bank tax fee | 35,000 | 35,863 | 35,863 | - |
| Other taxes | 22,976 | 22,976 | 2,265 | (20,711) |
| Total Taxes | 8,881,783 | 8,218,780 | 7,567,929 | (650,851) |
| <u>Licenses and Permits:</u> | | | | |
| Alcohol beverage license | 30,235 | 35,626 | 38,690 | 3,064 |
| Business license | 16,000 | 20,152 | 20,686 | 534 |
| Building permits | 135,000 | 135,000 | 132,682 | (2,318) |
| Other | 250 | 250 | 650 | 400 |
| Total Licenses and Permits | 181,485 | 191,028 | 192,708 | 1,680 |
| <u>Intergovernmental Revenues:</u> | | | | |
| State grants: | | | | |
| DNR - Recreation Grant | 22,958 | 574,268 | 581,069 | 6,801 |
| DCA - Fire department grant | - | - | 6,243 | 6,243 |
| Other: | | | | |
| City of Griffin | - | 50,000 | 50,000 | - |
| Real estate transfer tax | 28,000 | 28,000 | 23,542 | (4,458) |
| Total Intergovernmental Revenue | 60,958 | 662,268 | 660,854 | (1,414) |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|------------------|------------|------------|---|
| | Original | Final | Actual | |
| <u>Fines and Forfeitures:</u> | | | | |
| Superior Court fines | \$ 118,500 | \$ 156,106 | \$ 163,023 | \$ 6,917 |
| Probate Court fines | 145,000 | 145,000 | 143,213 | (1,787) |
| Magistrate Court fines | 25,000 | 29,257 | 32,962 | 3,705 |
| Sheriff's cost and fees | 65,000 | 65,000 | 68,957 | 3,957 |
| Total Fines and Forfeitures | 353,500 | 395,363 | 408,155 | 12,792 |
| <u>Charges for Services</u> | | | | |
| Tax Commissioner - commissions | 165,000 | 165,000 | 166,404 | 1,404 |
| Drive Way Culverts | 5,484 | 11,932 | 13,190 | 1,258 |
| Jail inmate housing | 5,000 | 76,356 | 69,590 | (6,766) |
| Total Charges for Services | 175,484 | 253,288 | 249,184 | (4,104) |
| <u>Miscellaneous:</u> | | | | |
| Interest earnings | 75,250 | 75,250 | 80,731 | 5,481 |
| Insurance reimbursement | - | 2,101 | 6,597 | 4,496 |
| Other reimbursement | 2,500 | 2,500 | - | (2,500) |
| Miscellaneous | 64,000 | 70,616 | 51,860 | (18,756) |
| Total Miscellaneous | 141,750 | 150,467 | 139,188 | (11,279) |
| Total Revenues | 9,794,960 | 9,871,194 | 9,218,018 | (653,176) |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|-------------------------------------|------------------|------------|------------|---|
| | Original | Final | Actual | |
| <u>General Government:</u> | | | | |
| General Administration: | | | | |
| Personnel | \$ 402,143 | \$ 306,869 | \$ 316,153 | \$ (9,284) |
| Capital Outlay | - | - | 6,768 | (6,768) |
| Other | 895,105 | 848,000 | 664,575 | 183,425 |
| Total General Administration | 1,297,248 | 1,154,869 | 987,496 | 167,373 |
| Tax Commissioner's Office: | | | | |
| Personnel | 168,524 | 174,082 | 174,082 | - |
| Other | 35,732 | 38,597 | 38,597 | - |
| Total Tax Commissioner's Office | 204,256 | 212,679 | 212,679 | - |
| Tax Assessors: | | | | |
| Personnel | 172,084 | 180,970 | 180,970 | - |
| Other | 125,240 | 99,045 | 99,045 | - |
| Total Tax Assessors | 297,324 | 280,015 | 280,015 | - |
| Voter Registrar: | | | | |
| Personnel | 59,071 | 52,921 | 52,921 | - |
| Other | 55,852 | 81,997 | 81,997 | - |
| Total Voter Registrar | 114,923 | 134,918 | 134,918 | - |
| Public Buildings: | | | | |
| Personnel | 103,567 | 103,567 | 108,979 | (5,412) |
| Capital Outlay | - | 7,479 | 7,479 | - |
| Other | 133,530 | 111,051 | 71,679 | 39,372 |
| Total Public Buildings | 237,097 | 222,097 | 188,137 | 33,960 |
| Cooperative Extension Service: | | | | |
| Personnel | 96,732 | 45,589 | 44,920 | 669 |
| Other | 34,728 | 61,133 | 52,332 | 8,801 |
| Total Cooperative Extension Service | 131,460 | 106,722 | 97,252 | 9,470 |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-----------|---|
| | Original | Final | Actual | |
| <u>General Government (Continued):</u> | | | | |
| GIS Operations: | | | | |
| Personnel | \$ 38,610 | \$ - | \$ - | \$ - |
| Other | 20,482 | - | - | - |
| Total GIS Operations | 59,092 | - | - | - |
| Code Enforcement Officer: | | | | |
| Personnel | 270,663 | 233,461 | 217,956 | 15,505 |
| Capital Outlay | 13,000 | - | - | - |
| Other | 50,412 | 159,706 | 135,345 | 24,361 |
| Total Code Enforcement Officer | 334,075 | 393,167 | 353,301 | 39,866 |
| Board of Equalization | 2,910 | 2,910 | 1,338 | 1,572 |
| Total General Government | 2,678,385 | 2,507,377 | 2,255,136 | 252,241 |
| <u>Judicial:</u> | | | | |
| Judicial Administration: | | | | |
| Personnel | 383 | 451 | 451 | - |
| Other | 114,056 | 133,583 | 133,583 | - |
| Total Judicial Administration | 114,439 | 134,034 | 134,034 | - |
| Superior Court: | | | | |
| Personnel | 239,879 | 239,879 | 233,233 | 6,646 |
| Other | 78,972 | 69,972 | 60,268 | 9,704 |
| Total Superior Court | 318,851 | 309,851 | 293,501 | 16,350 |
| Probate Court: | | | | |
| Personnel | 142,641 | 142,641 | 120,546 | 22,095 |
| Other | 8,915 | 8,915 | 9,049 | (134) |
| Total Probate Court | 151,556 | 151,556 | 129,595 | 21,961 |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|------------------------------|------------------|------------|------------|---|
| | Original | Final | Actual | |
| <u>Judicial (Continued):</u> | | | | |
| Magistrate Court: | | | | |
| Personnel | \$ 194,152 | \$ 194,152 | \$ 182,473 | \$ 11,679 |
| Other | 18,604 | 18,604 | 16,682 | 1,922 |
| Total Magistrate Court | 212,756 | 212,756 | 199,155 | 13,601 |
| Public Defender | 145,836 | 174,110 | 174,110 | - |
| District Attorney | 79,998 | 80,538 | 80,538 | - |
| Total Judicial | 1,023,436 | 1,062,845 | 1,010,933 | 51,912 |
| <u>Public Safety:</u> | | | | |
| Sheriff's Office: | | | | |
| Personnel | 1,625,720 | 1,720,483 | 1,720,483 | - |
| Capital Outlay | 100,483 | 104,428 | 104,428 | - |
| Other | 577,283 | 658,086 | 658,086 | - |
| Total Sheriff's Office | 2,303,486 | 2,482,997 | 2,482,997 | - |
| Fire Department: | | | | |
| Personnel | 10,000 | 19,667 | 20,063 | (396) |
| Capital Outlay | 15,000 | 33,459 | 33,459 | - |
| Other | 144,700 | 131,778 | 125,264 | 6,514 |
| Total Fire Department | 169,700 | 184,904 | 178,786 | 6,118 |
| Coroner's Office | 31,770 | 31,770 | 29,162 | 2,608 |
| Ambulance Service | 452,500 | 452,500 | 452,500 | - |
| Total Public Safety | 2,957,456 | 3,152,171 | 3,143,445 | 8,726 |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|-----------|-----------|---|
| | Original | Final | Actual | |
| <u>Public Works:</u> | | | | |
| Public Works Administration: | | | | |
| Personnel | \$ 89,323 | \$ - | \$ - | \$ - |
| Capital Outlay | 14,155 | - | - | - |
| Total Public Works Administration | 173,478 | - | - | - |
| Road Department: | | | | |
| Personnel | 675,187 | 759,729 | 759,729 | - |
| Other | 348,000 | 761,946 | 761,946 | - |
| Capital Outlay | 545,360 | 873,337 | 873,337 | - |
| Total Road Department | 1,568,547 | 2,395,012 | 2,395,012 | - |
| Recycling Center: | | | | |
| Personnel | 95,444 | - | - | - |
| Other | 87,186 | 269 | - | 269 |
| Capital Outlay | 1,975 | - | - | - |
| Total Recycling Center | 184,605 | 269 | - | 269 |
| Total Public Works | 1,926,630 | 2,395,281 | 2,395,012 | 269 |
| <u>Health and Welfare:</u> | | | | |
| DFCS | 51,100 | 51,100 | 51,100 | - |
| Keep Pike Clean & Beautiful | 26,508 | 26,508 | 25,640 | 868 |
| Pike County Board of Health | 70,000 | 70,000 | 70,000 | - |
| McIntosh Trail RDC | 7,821 | 25,306 | 25,306 | - |
| Total Health and Welfare | 155,429 | 172,914 | 172,046 | 868 |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|------------|---|
| | Original | Final | Actual | |
| <u>Culture and Recreation:</u> | | | | |
| Recreation | \$ 340,787 | \$ 340,787 | \$ 339,677 | \$ 1,110 |
| Library | 125,111 | 155,440 | 155,440 | - |
| Forestry Resources | 3,200 | 3,200 | 3,185 | 15 |
| Total Culture and Recreation | 469,098 | 499,427 | 498,302 | 1,125 |
| <u>Housing and Development:</u> | | | | |
| Pike County Agribusiness Authority | 30,255 | 30,569 | 30,569 | - |
| Pike County Water Authority | 98,663 | 108,634 | 108,634 | - |
| Soil Conservation | 42,178 | 42,178 | 34,306 | 7,872 |
| Development Authority | 194,316 | 194,316 | 192,692 | 1,624 |
| Total Housing and Development | 365,412 | 375,697 | 366,201 | 9,496 |
| Total Expenditures | 9,575,846 | 10,165,712 | 9,841,075 | 324,637 |
| Excess Revenue Over (Under) Expenditures | 219,114 | (294,518) | (623,057) | (328,539) |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfer In: | | | | |
| Transfer from Debt Service | \$ - | \$ - | \$ 389,300 | \$ 389,300 |
| Transfer from Impact Fees | - | - | 30,320 | 30,320 |
| Transfer Out: | | | | |
| Transfer to E911 Fund | (323,132) | (323,132) | (323,132) | - |
| Transfer to Sanitation Fund | 70,000 | (984) | (784) | 200 |
| Transfer to Water Local Assistance Fund | - | (1,967) | (1,967) | - |
| Total Transfer Out | (253,132) | (326,083) | 93,737 | 419,820 |
| Proceeds from sale of property | 3,000 | 34,475 | 31,521 | (2,954) |
| Total Other Financing Sources (Uses) | (250,132) | (291,608) | 125,258 | 416,866 |
| Net change in fund balance | <u>\$ (31,018)</u> | <u>\$ (586,126)</u> | (497,799) | <u>\$ 88,327</u> |
| Fund Balance, Beginning of Year | | | 5,533,390 | |
| Fund Balance, End of Year | | | <u>\$ 5,035,591</u> | |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 OCTOBER 31, 2008

| | Business-type Activities- Enterprise Fund Sanitation Fund |
|-------------------------------|--|
| <u>ASSETS</u> | |
| Current assets | |
| Cash and cash equivalents | \$ - |
| Total current assets | - |
| Long-term assets | |
| Capital assets: | |
| Building | - |
| Machinery and equipment | - |
| Less accumulated depreciation | - |
| Total capital assets, net | - |
| Total noncurrent assets | - |
| Total Assets | - |
| <u>LIABILITIES</u> | |
| Current liabilities | |
| Due from other funds | - |
| Total Liabilities | - |
| <u>NET ASSETS</u> | |
| Invested in capital assets | - |
| Unrestricted | - |
| Total Net Assets | \$ - |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Business-type Activities- Enterprise Fund Sanitation Fund |
|--|--|
| <u>Operating revenues:</u> | |
| Charges for sales and services | |
| Landfill fees | \$ 12,746 |
| Other | 7,237 |
| | <hr/> |
| Total operating revenues | 19,983 |
| | <hr/> |
| <u>Operating expenses:</u> | |
| Salaries and benefits | 13,585 |
| Other administrative | 895 |
| Contracted services | 12,849 |
| Repairs and maintenance | 95 |
| Utilities | 340 |
| | <hr/> |
| Total operating expenses | 27,764 |
| | <hr/> |
| Operating income (loss) | (7,781) |
| | <hr/> |
| <u>Nonoperating revenues (expenses):</u> | |
| Interest revenue | 144 |
| | <hr/> |
| Total nonoperating revenues (expenses) | 144 |
| | <hr/> |
| Income (loss) before transfers | (7,637) |
| | <hr/> |
| Transfers in | (22,721) |
| | <hr/> |
| Change in net assets | (30,358) |
| | <hr/> |
| Net Assets - beginning of year | 30,358 |
| | <hr/> |
| Net Assets - end of year | \$ - |
| | <hr/> |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Business-type Activities- Enterprise Fund Sanitation Fund |
|---|--|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash received from customers | \$ 19,983 |
| Cash paid to suppliers for goods and services | 8,541 |
| Cash paid to employees | (18,299) |
| Net Cash Flows Provided by (Used for) Operating Activities | 10,225 |
| <u>Cash Flows from Noncapital Financing Activities:</u> | |
| Transfers to General Fund | (22,721) |
| Net Cash Flows Provided by (Used for) Noncapital Financing Activities | (22,721) |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | |
| Purchases of capital assets | - |
| Net Cash Flows Provided by (Used for) Capital and Related Financing Activities | - |
| <u>Cash Flows from Investing Activities:</u> | |
| Interest earnings | 144 |
| Net Cash Flows Provided by (Used for) Investing Activities | 144 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (12,352) |
| Cash and Cash Equivalents, Beginning of Year | 12,352 |
| Cash and Cash Equivalents, End of Year | \$ - |

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Business-type Activities- Enterprise Fund Sanitation Fund |
|--|--|
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | |
| Net Operating Income (Loss) | \$ (7,781) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | |
| Depreciation | - |
| Changes in Assets and Liabilities: | |
| (Increase) decrease in capital assets | 22,720 |
| Increase (decrease) in accrued salaries | (4,714) |
| Total Adjustments | 18,006 |
| Net Cash Provided by (Used for) Operating Activities | \$ 10,225 |

The notes to the financial statements are an integral part of this statement.

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PIKE COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
OCTOBER 31, 2008

| | <u>Agency Funds</u> |
|---------------------------|--------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | <u>\$ 375,596</u> |
| Total Assets | <u><u>\$ 375,596</u></u> |
| <u>LIABILITIES</u> | |
| Due to other governments | \$ 345,793 |
| Due to others | <u>29,803</u> |
| Total Liabilities | <u><u>\$ 375,596</u></u> |

The notes to the financial statements are an integral part of this statement.

JUNE 30, 2008 AND OCTOBER 31, 2008

Invested in capital assets, net of related debt

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PIKE COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2008 AND OCTOBER 31, 2008

| | June 30 | October 31 | October 31 | October 31 | October 31 | October 31 | October 31 |
|-------------|------------|------------|--------------|------------|--------------|------------|--------------|
| | | | | | | | |
| Pike County | | | Pike County | | | | |
| Department | | | Water and | | | | |
| of Public | | | Sewerage | | | | |
| Health | | | Authority | | | | |
| | | | | | | | |
| \$ - | \$ 111,273 | \$ 28,231 | \$ - | \$ 34,897 | \$ 195,829 | \$ - | \$ 370,230 |
| 384,237 | - | - | - | - | - | - | 384,237 |
| - | - | - | - | - | - | 371,965 | 371,965 |
| - | - | - | 232,594 | - | - | - | 232,594 |
| 384,237 | 111,273 | 28,231 | 232,594 | 34,897 | 195,829 | 371,965 | 1,359,026 |
| 138,738 | 5,510 | - | 46,524 | 1,635 | - | 54,575 | 246,982 |
| 201,031 | 112,859 | 24,000 | 94,950 | 30,000 | 192,000 | 339,678 | 994,518 |
| - | 42,910 | - | 1,954,669 | - | - | 35,300 | 2,032,879 |
| 339,769 | 161,279 | 24,000 | 2,096,143 | 31,635 | 192,000 | 429,553 | 3,274,379 |
| (44,468) | 50,006 | (4,231) | 1,863,549 | (3,262) | (3,829) | 57,588 | 1,915,353 |
| 2,987 | 179 | 227 | 1,436 | 2,203 | 867 | 97 | 7,996 |
| - | - | 146 | - | - | - | 5,988 | 6,134 |
| - | - | - | - | - | - | 5,000 | 5,000 |
| 2,987 | 179 | 373 | 1,436 | 2,203 | 867 | 11,085 | 19,130 |
| - | - | - | - | - | - | 69,752 | 69,752 |
| (41,481) | 50,185 | (3,858) | 1,864,985 | (1,059) | (2,962) | 138,425 | 2,004,235 |
| 134,130 | 28,348 | 26,429 | 359,969 | 101,328 | 1,917,452 | 859,248 | 3,426,904 |
| - | - | - | - | - | - | (24,708) | (24,708) |
| 134,130 | 28,348 | 26,429 | 359,969 | 101,328 | 1,917,452 | 834,540 | 3,402,196 |
| \$ 92,649 | \$ 78,533 | \$ 22,571 | \$ 2,224,954 | \$ 100,269 | \$ 1,914,490 | \$ 972,965 | \$ 5,406,431 |

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

Pike County was established under the provisions of an Act of the General Assembly of Georgia. The County operates under a county commissioner form of government, and provides the following services as authorized by state law, general administrative services, public safety, roads and bridges, tax assessment and collection, culture and recreation, courts and health and welfare.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Pike County (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, which was adopted by the County as of November 1, 1995, the financial statements of each component unit has been included as a discretely presented component unit. The component unit columns in the combined financial statements include the financial data for the Pike County Department of Public Health, as of June 30, 2008 and the Pike County Clean and Beautiful Authority, Pike County Library, Pike County Agribusiness Authority, Development Authority of Pike County, Pike County Water Authority, and the Pike County Recreation Authority, as of October 31, 2008. The financial information for the component units is reported in columns separate from the County's financial information to emphasize that it is legally separate from the County.

Pike County Department of Public Health (Health Department)

The Health Department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

OCTOBER 31, 2008

(CONTINUED)

they fall under the jurisdiction of other agencies. The County appoints the voting majority of the board. The County provides significant operating subsidies to the department. The Health Department is presented as a governmental fund type. The Pike County Department of Public Health issued separate financial statements that have a June 30 year-end, as required by state statutes. Complete financial statements of the Pike County Department of Public Health may be obtained from their administrative office at the following location:

Pike County Department of Public Health
201 Griffin Street
Zebulon, Georgia 30295

Pike County Clean and Beautiful

Pike County Clean and Beautiful Authority promotes and develops recycling within the County. The County provides significant operating subsidies to the authority. Pike County Clean and Beautiful is presented as a governmental fund type. Pike County Clean and Beautiful issued separate financial statements that have an October 31st year-end. Complete financial statements of Pike County Clean and Beautiful may be obtained from their administrative office at the following location:

Pike County Clean and Beautiful
Gwen Street
Zebulon, Georgia 30295

Pike County Library

The Pike County Library provides educational and other reading materials to the citizens of Pike County. The County provides significant operating subsidies to the library. The Pike County Library is presented as a governmental fund type. The Pike County Library has issued separate financial statements that have an October 31st year-end. Complete financial statements of the Pike County Library may be obtained from their administrative office at the following location:

Pike County Library
5855 Highway 19
Zebulon, Georgia 30295

Pike County Agribusiness Authority

The Pike County Agribusiness Authority promotes agriculture in Pike County. The County provides significant operating subsidies to the Authority. The Pike County Agribusiness Authority is presented as a governmental fund type. The Pike County Agribusiness Authority has issued separate financial statements that have an October 31st year-end. Complete financial statements of the Pike

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

County Agribusiness Authority may be obtained from their administrative office at the following location:

Pike County Agribusiness Authority
Gwen Street
Zebulon, Georgia 30295

Development Authority of Pike County

The Development Authority of Pike County promotes new industry and existing industry in Pike County. The County provides significant operating subsidies to the Authority. The Development Authority of Pike County is presented as a governmental fund type. The Development Authority of Pike County has issued separate financial statements that have an October 31st year-end. Complete financial statements of the Development Authority of Pike County may be obtained from their administrative office at the following location:

Development Authority of Pike County
P.O. Box 1147
Zebulon, Georgia 30295

Pike County Water and Sewerage Authority

The Pike County Water and Sewerage Authority is responsible for developing necessary infrastructure to provide water and sewerage service to the unincorporated areas of Pike County. The County provides significant operating subsidies to the Authority. The Pike County Water and Sewerage Authority are presented as a governmental fund type. The Pike County Water and Sewerage Authority have issued separate financial statements that have an October 31st year-end. Complete financial statements of the Pike County Water and Sewerage Authority may be obtained from their administrative office at the following location:

Pike County Water and Sewerage Authority
P.O. Box 948
Zebulon, Georgia 30295

Pike County Recreation Authority

The Pike County Recreation Authority is responsible for developing and promoting recreational needs within the County. The County provides significant operating subsidies to the Authority. The Pike County Recreation Authority is presented as a governmental fund type. The Pike County Recreation Authority does not issue separate financial statements.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

Under Georgia law, the County, in conjunction with other cities and counties in the five county RDC membership, is a member of the McIntosh Trail Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended October 31, 2008, the County paid \$16,801 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

McIntosh Trail Regional Development Center
P.O. Box 818
Griffin, Georgia 30224

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Change in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

of the County's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Bond Project Fund – The bond project fund collects sales taxes and uses these revenues to retire portions of the general obligation sales tax bonds, series 2006 debt.

2006 SPLOST Fund – The 2006 SPLOST Fund is used to account for the proceeds and various projects associated with the approved SPLOST.

The government reports the following major proprietary funds:

Enterprise Funds – The Sanitation Fund is used to account for the operation of the County's recycling centers.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds – The Impact Fees Fund is used to account for the proceeds of impact fees collected and the capital projects approved for those funds. The Water Local Assistance Grant Fund is used to account for the operation of the EIP Grant and CDBG grant for water system infrastructure improvements. The Jail Construction fund is used to account for capital improvements made on the jail.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

Debt Service Fund – This fund accumulates resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds and special assessment funds.

Agency Funds – Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

H. Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items acquired subsequent to November 1, 2003) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the County during the current fiscal year was \$75,250. Of this amount, none was applicable to construction of capital assets.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

| | |
|----------------|-------------|
| Building | 25-40 years |
| Equipment | 5-20 years |
| Infrastructure | 50 years |
| Furniture | 5 years |
| Vehicles | 5 years |

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned by unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide; proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The County purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three fiscal years. The County had no significant reduction in insurance coverage from coverage in the prior year.

The County has joined together with other municipalities in the state as part of the ACCG Group Self Insurance Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. For the year ending October 31, 2008, the County's total contribution was \$140,180 for the Workers Compensation Fund.

The County is a member of the ACCG Interlocal Risk Management Agency (ACCG-IRMA). This agency functions as a risk sharing arrangement among Georgia County governments and is administered by the Association of County Commissioners of Georgia (ACCG). The purpose of ACCG-IRMA is to establish and administer one or more group self-insurance funds; to establish and administer a risk management service; and to prevent or lessen the incidence or severity of casualty and property losses. Each member pays an annual contribution established by the Board of ACCG-IRMA. For the period November 1, 2006 - November 1, 2008, the County's total contribution was \$193,569. ACCG-IRMA may develop and issue such self-insurance coverage

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

descriptions, as it deems necessary. The current coverage provides a \$1,000,000 general liability limit with a \$1,000 per occurrence deductible.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

The annual budget document is the financial plan for the operation of Pike County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County.

The County prepares a separately issued budget report. An annual operating budget is prepared for the General, and Special Revenue funds. Prior to year end the County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them. The Board of Commissioners holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Pike County. The budget is then revised and adopted or amended by the Board of Commissioners at a regular meeting before the year to which it applies. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular meeting and no increase shall be made therein without provision also being made for financing same. The legal level of control is at the department level.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments are not material in relation to the original appropriations.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

B. Encumbrances - reconciliations

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the County. Budget to Generally Accepted Accounting Principal Basis reconciliation's are not required.

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be recovered.

The County's bank balances of deposits as of October 31, 2008, are entirely insured or collateralized with securities held by the County's agent in the County's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

At June 30, 2008, the carrying amount of deposits for the Pike County Department of Public Health, a discretely presented component unit, was \$131,512. All of the bank balance was covered by federal depository insurance or by collateral held.

At October 31, 2008, the carrying amount of deposits for the Pike County Library, a discretely presented component unit, was \$38,013, and the bank balance was \$38,013. Of the bank balance, \$38,013 was covered by federal depository insurance, or by collateral held by the Library's agent or pledging financial institution.

At October 31, 2008, the carrying amount of deposits for the Pike County Clean and Beautiful, a discretely presented component unit, was \$9,280, and the bank balance was \$10,095. Of the bank balance, \$10,095 was covered by federal depository insurance, or by collateral held by the Authority's agent or pledging financial institution.

At October 31, 2008, the carrying amount of deposits for the Pike County Water and Sewerage Authority, a discretely presented component unit, was \$291,396, and the bank balance was \$293,229. Of the bank balance, \$293,229 was covered by federal depository insurance, or by collateral held by the Authority's agent or pledging financial institution.

At October 31, 2008, the carrying amount of deposits for the Pike County Agribusiness Authority, a discretely presented component unit, was \$42,442, and the bank balance was \$42,443. Of the bank balance, \$42,443 was covered by federal depository insurance, or by collateral held by the Authority's agent or pledging financial institution.

At October 31, 2008, the carrying amount of deposits for the Development Authority of Pike County, a discretely presented component unit, was \$54,916, and the bank balance was \$54,916. Of the bank balance, \$54,916 was covered by federal depository insurance.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

At October 31, 2008, the carrying amount of deposits for the Pike County Recreation Authority, a discretely presented component unit, was \$52,759, and the bank balance was \$57,711. Of the bank balance, \$57,711 was covered by federal depository insurance, or by collateral held by the Authority's agent or pledging financial institution.

NOTE 4 – PROPERTY TAXES

The Board of Commissioners levied property taxes on September 15, 2008. Property taxes attached as an enforceable lien on property as of January 1. Property taxes were billed on September 20, 2008 and were payable on December 20, 2008.

NOTE 5 – RECEIVABLES

Receivables at October 31, 2008, consist of the following:

| | General Fund | 2006 SPLOST | Non-Major Funds | Total |
|--------------------------------------|-----------------|----------------|--------------------|---------------|
| Receivables: | | | | |
| Taxes | \$ 10,880,370 | \$ 170,344 | \$ - | \$ 11,050,714 |
| Accounts | - | - | 23,434 | 23,434 |
| Gross Receivables | 10,880,370 | 170,344 | 23,434 | 11,074,148 |
| Less: Allowance for Uncollectible | (606,772) | - | - | (606,772) |
| Net Total Receivables | \$ 10,273,598 | \$ 170,344 | \$ 23,434 | \$ 10,467,376 |

NOTE 6 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at October 31, 2008, are as follows:

| Fund: | Federal | State | Total |
|----------------------------|---------|------------|------------|
| General Fund | \$ - | \$ 126,818 | \$ 126,818 |
| Nonmajor Governmental Fund | 900 | - | 900 |
| Total | \$ 900 | \$ 126,818 | \$ 127,718 |

The amounts due from state government are primarily for sales tax and grant funds.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of October 31, 2008, is as follows:

Due to / from other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------|----------------------------|---------------|
| General Fund | Nonmajor Governmental Fund | \$ 177 |
| Total | | <u>\$ 177</u> |

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

| | Transfer In: | | | | |
|----------------------------|-------------------|-------------------|---------------|-----------------------|-------------------|
| | General Fund | Bond Project Fund | EMS | Nonmajor Governmental | Total |
| Transfer Out: | | | | | |
| General Fund | \$ - | \$ - | \$ 784 | \$ 325,099 | \$ 325,883 |
| Nonmajor Governmental Fund | 419,620 | 204,402 | - | - | 624,022 |
| Total | <u>\$ 419,620</u> | <u>\$ 204,402</u> | <u>\$ 784</u> | <u>\$ 325,099</u> | <u>\$ 949,905</u> |

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

Due to the difference in measurement focus and basis of accounting between governmental funds and proprietary funds, reclassification of capital assets between the fund financial statements will cause the transfer accounts to be out of balance at the fund level. During the current year, the County closed down the operation of the Sanitation Fund and transferred all of the capital assets being used for day to day operations to Public Works.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

NOTE 8 – CAPITAL ASSETS

| | Beginning Balance | Increase | Transfers | Decrease | Ending Balance |
|--|----------------------|--------------|-----------|-------------|-------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 127,833 | \$ - | \$ - | \$ - | \$ 127,833 |
| Total capital assets, not being depreciated | 127,833 | - | - | - | 127,833 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 2,624,116 | 740,211 | 33,807 | - | 3,398,134 |
| Machinery and equipment | 2,735,563 | 41,174 | 92,135 | (57,500) | 2,811,372 |
| Vehicles | 1,824,181 | 1,134,372 | - | - | 2,958,553 |
| Infrastructure | - | 596,213 | - | - | 596,213 |
| Total capital assets, being depreciated | 7,183,860 | 2,511,970 | 125,942 | (57,500) | 9,764,272 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (692,681) | (86,664) | (20,222) | - | (799,567) |
| Machinery and equipment | (1,575,949) | (286,440) | (82,215) | 41,071 | (1,903,533) |
| Vehicles | (946,669) | (359,240) | - | - | (1,305,909) |
| Infrastructure | - | (11,924) | - | - | (11,924) |
| Total accumulated depreciation | (3,215,299) | (744,268) | (102,437) | 41,071 | (4,020,933) |
| Total capital assets, being depreciated, net | 3,968,561 | 1,767,702 | 23,505 | (16,429) | 5,743,339 |
| Governmental activities capital assets, net | \$ 4,096,394 | \$ 1,767,702 | \$ 23,505 | \$ (16,429) | \$ 5,871,172 |

| | Beginning Balance | Increase | Decrease | Ending Balance |
|--|----------------------|----------|-------------|-------------------|
| Business-type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings | \$ 33,807 | \$ - | \$ (33,807) | \$ - |
| Machinery and Equipment | 92,135 | - | (92,135) | - |
| Total capital assets, being depreciated | 125,942 | - | (125,942) | - |
| Less accumulated depreciation for: | | | | |
| Buildings | (20,222) | - | 20,222 | - |
| Machinery and Equipment | (82,215) | - | 82,215 | - |
| Total accumulated depreciation | (102,437) | - | 102,437 | - |
| Total capital assets, being depreciated, net | 23,505 | - | (23,505) | - |
| Business-type activities capital assets, net | \$ 23,505 | \$ - | \$ (23,505) | \$ - |

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:

| | | |
|------------------------|----|---------|
| General government | \$ | 56,745 |
| Public safety | | 429,914 |
| Public works | | 214,637 |
| Courts | | 7,991 |
| Health and welfare | | 27,547 |
| Culture and recreation | | 7,434 |

| | | |
|--|----|---------|
| Total depreciation expense - governmental activities | \$ | 744,268 |
|--|----|---------|

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended October 31, 2008, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-----------|--------------|-------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 2,310,000 | \$ - | \$ (320,000) | \$ 1,990,000 | \$ 635,000 |
| Add deferred amounts | | | | | |
| Premium on bonds | 5,351 | - | (1,338) | 4,013 | 1,338 |
| Compensated absences | 54,422 | 64,241 | (56,062) | 62,601 | 62,000 |
| Governmental activity Long-term liabilities | \$ 2,369,773 | \$ 64,241 | \$ (377,400) | \$ 2,056,614 | \$ 698,338 |

The compensated absences liability will be paid from the fund from which the employee's salaries are paid.

General Obligation Bonds – During 2007, the County issued \$2,310,000 Series 2006 General Obligation Sales Tax Bonds. The interest rate carried on the bonds is 3.5% and will be repaid in principal installments beginning in February 2008. The bonds will be repaid from the proceeds received from the imposition of a 1% sales and use tax which began during 2007. The proceeds of the issue were designated for the purchase of equipment for the road department, the acquisition, construction and equipping of land and public safety improvements and equipment, including a new County fire station and improvements to existing County fire stations and renovations to County facilities necessary to be compliant with the Americans with Disabilities Act.

The annual requirements to amortize the Series 2006 bonds payable is as follows:

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

| Year Ending October 31, | Governmental Activities | |
|----------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2009 | \$ 635,000 | \$ 58,538 |
| 2010 | 665,000 | 35,787 |
| 2011 | 690,000 | 12,075 |
| Total | <u>\$ 1,990,000</u> | <u>\$ 106,400</u> |

NOTE 10 – EMPLOYEE RETIREMENT PLANS

ACCG Defined Contribution Plan

Plan Description

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Contribution Plan 401(a), administered by the Government Employee Benefits Corporation of Georgia (GEBCorp), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for Counties in the State of Georgia. GEBCorp provides retirement and death benefits to plan members and beneficiaries. GEBCorp issues a publicly available financial report that includes financial statements and required supplementary information for the County. That report may be obtained by writing to:

1100 Circle 75 Parkway
Suite 300
Atlanta, Georgia 30339

Funding Policy

County employees are required to contribute to the plan if they are to be members and receive the County match. The required member contribution is equal to 3% of the member's gross salary. The County is required to contribute 1% of the members' gross salary. The Plan provisions are established and may be amended by the Pike County Board of Commissioners and the ACCG Defined Benefit Board of Trustees. The contribution requirements of the plan members are established and may be amended by the ACCG Defined Benefit Board of Trustees. The County's contributions to GEBCorp for the year ended October 31, 2008 were \$8,170. The Member's contributions to GEBCorp for the year ended October 31, 2008 were \$31,802.

NOTE 11 – POST-EMPLOYMENT BENEFITS

The County does not provide supplemental life or health insurance coverage to retirees.

PIKE COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2008
(CONTINUED)

NOTE 12 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Federal Grants

The County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs for or including the year ended October 31, 2008, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 13 – COMPONENT UNIT

Reporting Period Disclosures

The Pike County Board of Health has a fiscal year ending June 30. The information presented in this report represents the fiscal year ending June 30, 2008. Due to the differing year ends, transfers to component units and due to component units presented in the primary government financial statements do not equal the corresponding transfers from and due from primary government presented in the component unit financial statements. A reconciliation of these differences is as follows:

Per Component Unit:

| | |
|----------------------------------|-----------|
| Transfer from primary government | \$ 68,333 |
|----------------------------------|-----------|

| | |
|--------------------------|----------|
| Less: July 07 - Sept. 07 | (16,250) |
|--------------------------|----------|

| | |
|-------------------------|---------------|
| Add: July 08 - Sept. 08 | <u>17,917</u> |
|-------------------------|---------------|

Per Primary Government:

| | |
|----------------------------|------------------|
| Transfer to component unit | <u>\$ 70,000</u> |
|----------------------------|------------------|

SUPPLEMENTARY INFORMATION

PIKE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2008

| | Special Revenue Funds | | | | |
|--------------------------------------|-----------------------|------------------|---------------------------------|-------------------------|-------------------|
| | E-911 | Law Library | Law Enforcement Confiscation | Drug Abuse Treatment | Juvenile Court |
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 62,753 | \$ 13,004 | \$ 31,991 | \$ 7,582 | \$ 19,920 |
| Receivables, net of allowance | | | | | |
| Accounts | 23,434 | - | - | - | - |
| Due from other governments | - | - | - | - | 900 |
| Total Assets | <u>\$ 86,187</u> | <u>\$ 13,004</u> | <u>\$ 31,991</u> | <u>\$ 7,582</u> | <u>\$ 20,820</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 582 | \$ - | \$ 2,262 | \$ - | \$ - |
| Accrued withholdings | 6,407 | - | - | - | - |
| Due to other funds | 177 | - | - | - | - |
| Total Liabilities | <u>7,166</u> | <u>-</u> | <u>2,262</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Reserved | | | | | |
| for capital outlay | - | - | - | - | - |
| for program purposes | 79,021 | 13,004 | 29,729 | 7,582 | 20,820 |
| Total Fund Balances | <u>79,021</u> | <u>13,004</u> | <u>29,729</u> | <u>7,582</u> | <u>20,820</u> |
| Total Liabilities and Fund Balances | <u>\$ 86,187</u> | <u>\$ 13,004</u> | <u>\$ 31,991</u> | <u>\$ 7,582</u> | <u>\$ 20,820</u> |

PIKE COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 OCTOBER 31, 2008
 (CONTINUED)

| SPLOST Debt Service Fund | Capital Project Funds | | | Total Nonmajor Governmental Funds |
|-----------------------------|-----------------------|---------------------------------|----------------------|--|
| | Impact Fees | Water Local Assistance Grant | Jail Construction | |
| \$ - | \$ 256,311 | \$ - | \$ 143,177 | \$ 534,738 |
| - | - | - | - | 23,434 |
| - | - | - | - | 900 |
| <u>\$ -</u> | <u>\$ 256,311</u> | <u>\$ -</u> | <u>\$ 143,177</u> | <u>\$ 559,072</u> |
| | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ 2,844 |
| - | - | - | - | 6,407 |
| - | - | - | - | 177 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,428</u> |
| | | | | |
| - | 256,311 | - | 143,177 | 399,488 |
| - | - | - | - | 150,156 |
| <u>-</u> | <u>256,311</u> | <u>-</u> | <u>143,177</u> | <u>549,644</u> |
| <u>\$ -</u> | <u>\$ 256,311</u> | <u>\$ -</u> | <u>\$ 143,177</u> | <u>\$ 559,072</u> |

PIKE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Special Revenue Funds | | | | |
|--|-----------------------|----------------|---------------------------------|-------------------------|-------------------|
| | E-911 | Law Library | Law Enforcement Confiscation | Drug Abuse Treatment | Juvenile Court |
| <u>Revenues:</u> | | | | | |
| Licenses and Permits | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | 12,865 |
| Charges for services | 280,448 | - | - | - | - |
| Fines | - | 11,675 | 1,568 | 5,042 | 1,625 |
| Interest earnings | 1,443 | - | 6 | 118 | 207 |
| Total Revenues | 281,891 | 11,675 | 1,574 | 5,160 | 14,697 |
| <u>Expenditures:</u> | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | 485,763 | 11,652 | 15,090 | 8,020 | 14,745 |
| Capital Outlay | 70,298 | - | 5,845 | - | - |
| Total Expenditures | 556,061 | 11,652 | 20,935 | 8,020 | 14,745 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (274,170) | 23 | (19,361) | (2,860) | (48) |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Transfers from other funds | 323,132 | - | - | - | - |
| Transfer to other funds | - | - | - | - | - |
| Total other financing sources (uses) | 323,132 | - | - | - | - |
| Net change in fund balances | 48,962 | 23 | (19,361) | (2,860) | (48) |
| Fund balance, beginning of year | 30,059 | 12,981 | 49,090 | 10,442 | 20,868 |
| Fund Balance, end of year | \$ 79,021 | \$ 13,004 | \$ 29,729 | \$ 7,582 | \$ 20,820 |

PIKE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| SPLOST Debt Service Fund | Capital Project Funds | | | Nonmajor Governmental Funds |
|-----------------------------|-----------------------|---------------------------------|----------------------|-----------------------------------|
| | Impact Fees | Water Local Assistance Grant | Jail Construction | |
| \$ - | \$ 171,838 | \$ - | \$ - | \$ 171,838 |
| - | - | 35,240 | - | 48,105 |
| - | - | - | - | 280,448 |
| - | - | - | 25,381 | 45,291 |
| 2,249 | 9,591 | 367 | 3,983 | 17,964 |
| 2,249 | 181,429 | 35,607 | 29,364 | 563,646 |
| - | 2,821 | - | - | 2,821 |
| - | - | - | - | 535,270 |
| - | - | 47,607 | 7,351 | 131,101 |
| - | 2,821 | 47,607 | 7,351 | 669,192 |
| 2,249 | 178,608 | (12,000) | 22,013 | (105,546) |
| - | - | 1,967 | - | 325,099 |
| (389,300) | (234,722) | - | - | (624,022) |
| (389,300) | (234,722) | 1,967 | - | (298,923) |
| (387,051) | (56,114) | (10,033) | 22,013 | (404,469) |
| 387,051 | 312,425 | 10,033 | 121,164 | 954,113 |
| \$ - | \$ 256,311 | \$ - | \$ 143,177 | \$ 549,644 |

PIKE COUNTY, GEORGIA

E-911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|------------------|---|
| <u>Revenues:</u> | | | |
| Charges for services | \$ 603,312 | \$ 280,448 | \$ (322,864) |
| Interest income | - | 1,443 | 1,443 |
| Total Revenues | 603,312 | 281,891 | (321,421) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Public safety | 533,312 | 485,763 | 47,549 |
| Capital outlay | 70,000 | 70,298 | (298) |
| Total Expenditures | 603,312 | 556,061 | 47,251 |
| Excess (deficiency) of revenues over (under) expenditures | - | (274,170) | (274,170) |
| <u>Other Financing Sources (Uses):</u> | | | |
| Transfers from General Fund | - | 323,132 | 323,132 |
| Total Other Financing Sources (Uses) | - | 323,132 | 323,132 |
| Net change in fund balance | <u>\$ -</u> | 48,962 | <u>\$ 48,962</u> |
| Fund balance - beginning of year | | <u>30,059</u> | |
| Fund Balance - end of year | | <u>\$ 79,021</u> | |

PIKE COUNTY, GEORGIA

LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|------------------|---|
| <u>Revenues:</u> | | | |
| Fines and forfeitures | \$ - | \$ 11,675 | \$ 11,675 |
| Total Revenues | - | 11,675 | 11,675 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Public safety | 11,652 | 11,652 | - |
| Total Expenditures | 11,652 | 11,652 | - |
| Net changes in fund balance | <u>\$ (11,652)</u> | 23 | <u>\$ 11,675</u> |
| Fund Balance - beginning of year | | <u>12,981</u> | |
| Fund Balance - end of year | | <u>\$ 13,004</u> | |

PIKE COUNTY, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|------------------|---|
| <u>Revenues:</u> | | | |
| Fines and forfeitures | \$ - | \$ 1,568 | \$ 1,568 |
| Interest income | - | 6 | 6 |
| Total Revenues | - | 1,574 | 1,574 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Public safety | 15,090 | 15,090 | - |
| Capital outlay | 5,845 | 5,845 | - |
| Total Expenditures | 20,935 | 20,935 | - |
| Net change in fund balance | <u>\$ (20,935)</u> | (19,361) | <u>\$ 1,574</u> |
| Fund balance - beginning of year | | <u>49,090</u> | |
| Fund Balance - end of year | | <u>\$ 29,729</u> | |

PIKE COUNTY, GEORGIA

DRUG ABUSE TREATMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------|-----------------|---|
| <u>Revenues:</u> | | | |
| Fines and forfeitures | \$ 4,525 | \$ 5,042 | \$ 517 |
| Interest income | - | 118 | 118 |
| Total Revenues | 4,525 | 5,160 | 635 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Public safety | 8,020 | 8,020 | - |
| Total Expenditures | 8,020 | 8,020 | - |
| Net change in fund balance | <u>\$ (3,495)</u> | (2,860) | <u>\$ 635</u> |
| Fund balance - beginning of year | | 10,442 | |
| Fund Balance - end of year | | <u>\$ 7,582</u> | |

PIKE COUNTY, GEORGIA

JUVENILE COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------|------------------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental revenues | \$ - | \$ 12,865 | \$ 12,865 |
| Fines and forfeitures | 10,150 | 1,625 | (8,525) |
| Interest income | - | 207 | 207 |
| Total Revenues | 10,150 | 14,697 | 4,547 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Public safety | 14,745 | 14,745 | - |
| Total Expenditures | 14,745 | 14,745 | - |
| Net change in fund balance | <u>\$ (4,595)</u> | (48) | <u>\$ 4,547</u> |
| Fund balance - beginning of year | | <u>20,868</u> | |
| Fund Balance - end of year | | <u>\$ 20,820</u> | |

PIKE COUNTY, GEORGIA

SPLOST DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| <u>Revenues:</u> | | | |
| Interest income | \$ 2,249 | \$ 2,249 | \$ - |
| Total Revenues | 2,249 | 2,249 | - |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General government | - | - | - |
| Total Expenditures | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | 2,249 | 2,249 | - |
| <u>Other Financing Sources (Uses):</u> | | | |
| Transfers to General Fund | (389,300) | (389,300) | - |
| Total Other Financing Sources (Uses) | (389,300) | (389,300) | - |
| Net change in fund balance | <u>\$ (387,051)</u> | <u>(387,051)</u> | <u>\$ -</u> |
| Fund balance - beginning of year | | <u>387,051</u> | |
| Fund Balance - end of year | | <u>\$ -</u> | |

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| | Balance November 1, 2007 | Additions | Deletions | Balance October 31, 2008 |
|---------------------------------|--------------------------------|--------------|--------------|--------------------------------|
| <hr/> | | | | |
| <u>Total - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 253,194 | \$ 8,979,343 | \$ 8,856,941 | \$ 375,596 |
| | <hr/> | | | |
| Total Assets | \$ 253,194 | \$ 8,979,343 | \$ 8,856,941 | \$ 375,596 |
| | <hr/> | | | |
| <u>Liabilities</u> | | | | |
| Due to State of Georgia | \$ 191,030 | \$ 6,475,097 | \$ 6,402,271 | \$ 263,856 |
| Due to Board of Education | 54,588 | 533,016 | 508,463 | 79,141 |
| Due to Other Governments | 2,734 | 76,695 | 76,633 | 2,796 |
| Other | 4,842 | 1,894,535 | 1,869,574 | 29,803 |
| | <hr/> | | | |
| Total Liabilities | \$ 253,194 | \$ 8,979,343 | \$ 8,856,941 | \$ 375,596 |
| | <hr/> | | | |

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Balance November 1, 2007 | Additions | Deletions | Balance October 31, 2008 |
|---------------------------|--------------------------------|------------|------------|--------------------------------|
| <u>Superior Court</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 29,822 | \$ 259,549 | \$ 240,029 | \$ 49,342 |
| Total Assets | \$ 29,822 | \$ 259,549 | \$ 240,029 | \$ 49,342 |
| <u>Liabilities</u> | | | | |
| Other | \$ 29,822 | \$ 259,549 | \$ 240,029 | \$ 49,342 |
| Total Liabilities | \$ 29,822 | \$ 259,549 | \$ 240,029 | \$ 49,342 |
| <u>Probate Court</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 9,407 | \$ 101,045 | \$ 97,596 | \$ 12,856 |
| Total Assets | \$ 9,407 | \$ 101,045 | \$ 97,596 | \$ 12,856 |
| <u>Liabilities</u> | | | | |
| Other | \$ 9,407 | \$ 101,045 | \$ 97,596 | \$ 12,856 |
| Total Liabilities | \$ 9,407 | \$ 101,045 | \$ 97,596 | \$ 12,856 |

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Balance November 1, 2007 | Additions | Deletions | Balance October 31, 2008 |
|---------------------------|--------------------------------|-----------|-----------|--------------------------------|
| <u>Magistrate Court</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 5,819 | \$ 71,647 | \$ 73,719 | \$ 3,747 |
| Total Assets | \$ 5,819 | \$ 71,647 | \$ 73,719 | \$ 3,747 |
| <u>Liabilities</u> | | | | |
| Other | \$ 5,819 | \$ 71,647 | \$ 73,719 | \$ 3,747 |
| Total Liabilities | \$ 5,819 | \$ 71,647 | \$ 73,719 | \$ 3,747 |
| <u>Sheriff's Office</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 6,682 | \$ 7,223 | \$ 4,671 | \$ 9,234 |
| Total Assets | \$ 6,682 | \$ 7,223 | \$ 4,671 | \$ 9,234 |
| <u>Liabilities</u> | | | | |
| Other | \$ 6,682 | \$ 7,223 | \$ 4,671 | \$ 9,234 |
| Total Liabilities | \$ 6,682 | \$ 7,223 | \$ 4,671 | \$ 9,234 |

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

| | Balance November 1, 2007 | Additions | Deletions | Balance October 31, 2008 |
|----------------------------------|--------------------------------|--------------|--------------|--------------------------------|
| <u>Tax Commissioner's Office</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 201,464 | \$ 8,539,879 | \$ 8,440,926 | \$ 300,417 |
| Total Assets | \$ 201,464 | \$ 8,539,879 | \$ 8,440,926 | \$ 300,417 |
| <u>Liabilities</u> | | | | |
| Due to Board of Education | \$ 191,030 | \$ 6,475,097 | \$ 6,402,271 | \$ 263,856 |
| Due to State of Georgia | 2,858 | 93,552 | 92,448 | 3,962 |
| Due to Other Governments | 2,734 | 76,695 | 76,633 | 2,796 |
| Other | 4,842 | 1,894,535 | 1,869,574 | 29,803 |
| Total Liabilities | \$ 201,464 | \$ 8,539,879 | \$ 8,440,926 | \$ 300,417 |

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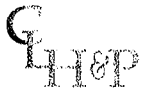
GOVERNMENTAL REPORTS

PIKE COUNTY, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2008

| Project 2006 Special Local Option Sales Tax | Original Estimated Budget | Expenditures | | Total | Estimated Percentage of Completion |
|--|---------------------------------|----------------------------|-----------------|--------------|--|
| | | Restated Prior Years | Current Year | | |
| <i>Pike County</i> | | | | | |
| Construction, improving and equipping of fire stations (<i>Note</i>) | \$ 1,600,000 | \$ - | \$ 1,594,569 | \$ 1,594,569 | 100% |
| Acquisition of road equipment | 400,000 | 400,000 | - | 400,000 | 100% |
| Renovations to county facilities necessary to be compliant with the Americans with Disabilities Act | 250,000 | 66,855 | 75,352 | 142,207 | 57% |
| Other | 736,000 | - | - | - | 0% |
| Total Pike County | 2,986,000 | 466,855 | 1,669,921 | 2,136,776 | |
| <i>City of Concord</i> | | | | | |
| Improvements to community center facility | 250,000 | - | 74,450 | 74,450 | 30% |
| Total City of Concord | 250,000 | - | 74,450 | 74,450 | |
| <i>City of Meansville</i> | | | | | |
| Improvements to the city hall, paving improvements and acquisition of fire protection equipment | 250,000 | - | 74,450 | 74,450 | 30% |
| Total City of Meansville | 250,000 | - | 74,450 | 74,450 | |
| <i>City of Molena</i> | | | | | |
| Acquisition, construction and equipping of new city hall / fire station building | 220,000 | - | 65,490 | 65,490 | 30% |
| Total City of Molena | 220,000 | - | 65,490 | 65,490 | |
| <i>City of Williamson</i> | | | | | |
| Improvements and extensions to water system | 94,000 | - | 27,972 | 27,972 | 30% |
| Total City of Williamson | 94,000 | - | 27,972 | 27,972 | |
| <i>City of Zebulon</i> | | | | | |
| Improvements to city hall | 500,000 | - | 148,860 | 148,860 | 30% |
| Total City of Zebulon | 500,000 | - | 148,860 | 148,860 | |
| Total 2006 SPLOST | \$ 4,300,000 | \$ 466,855 | \$ 2,061,143 | \$ 2,527,998 | |

Note: The prior year balances have been restated for the purchase of the fire department equipment. The SPLOST fund was reimbursed by the Impact Fees Fund for the cost of the fire department equipment purchased in FY 07.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
of Pike County, Georgia
Zebulon, Georgia

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia as of and for the year ended October 31, 2008, which collectively comprise Pike County, Georgia's basic financial statements and have issued our report thereon dated April 24, 2009. The report on the governmental activities was disclaimed because the County did not maintain adequate subsidiary records for its governmental capital assets. Our report was modified to include a reference to other auditors. Except as discussed above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors, audited the financial statements of the Pike County Department of Public Health, Pike County Library, Pike County Clean and Beautiful, Pike County Water and Sewerage Authority, Pike County Agribusiness Authority, and Development Authority of Pike County, as described in our report on Pike County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pike County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pike County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pike County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting, 2007-02, 2007-03, 2007-05, and 2008-01.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-02, 2007-03, 2007-05 and 2008-01 to be material weaknesses.

Compliance and Other Matters

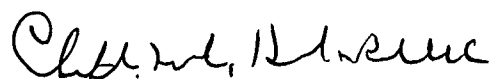
As part of obtaining reasonable assurance about whether Pike County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as item 2007-01.

We noted certain matters that we reported to management of Pike County, Georgia in a separate letter dated April 24, 2009.

Pike County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Pike County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
April 24, 2009



PIKE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2008

FINANCIAL STATEMENT FINDINGS

Findings noted on the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

2007-01 Uniform Chart of Accounts – Reiteration of Prior Year

CRITERIA

State Law (OCGA 36-81-3) requires that governments maintain their accounting records in compliance with the Uniform Chart of Accounts.

CONDITION

The County was not in compliance with the Uniform Chart of Accounts for FY2008. Separate accounting funds were not maintained for the following five individual funds as of and for the year ended October 31, 2008:

- E-911 Fund
- Sanitation Fund
- Drug Abuse Treatment Fund
- Juvenile Court Fund
- Jail Construction Fund

In addition, the General Fund chart of accounts does not provide for the appropriate numbering structure as required by the Uniform Chart of Accounts. The County needs to realign a number of accounts that are not properly grouped in the appropriate asset, revenue or expenditure section of the chart.

EFFECT

The County was not in compliance with the Uniform Chart of Accounts as of October 31, 2008. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

CAUSE

County employees did not properly adjust the accounting system for the first three months of operations.

RECOMMENDATION

We recommend that the County modify the accounting system to comply with the Uniform Chart of Accounts. The County needs to realign a number of General Fund accounts that are not properly grouped in the appropriate asset, revenue or expenditure section of the chart. It is our understanding that the five non-major funds listed above have been properly set-up and maintained during FY09.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

We have complied with the Georgia Uniform Chart of Accounts once the area of deficiency was reported to Management and staff by our auditing agency. The Pike County Board of Commissioners agreed and amended the 08-09 Fiscal Year Budget to reflect this area.

PIKE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

2007-02 Accounting Expertise (Preparation of Financial Statements) – Reiteration of Prior Year

CRITERIA

Statement on Auditing Standards No. 112 describes examples of circumstances that are considered to be a significant deficiency and a strong indicator of a material weakness in internal control. Deficiencies in the design of controls exist when employees or management lack the qualifications and training to prepare year-end financial statements in accordance with generally accepted accounting principles.

CONDITION

The County did not have an employee with adequate qualifications and training to prepare the year-end financial statements. Audit procedures identified material adjustments which were required to correct accounting records and financial reports.

EFFECT

The independent auditor has prepared the financial statements from the records of the County. The County personnel lack the technical expertise to evaluate the adequacy and completeness of the information presented. Interim financial reports contained errors which were not corrected until audit procedures were initiated. Management could have made decisions based on inaccurate or incomplete information.

CAUSE

The material weakness is the result of the County not having employees with adequate training and expertise in generally accepted accounting principles and governmental accounting standards to prepare or adequately review and evaluate the financial statements which were prepared by the independent auditor.

RECOMMENDATION

The County should evaluate the cost/benefit implications of improving internal control by providing the technical expertise to supervise accounting personnel and evaluate the adequacy and completeness of year-end financial reports.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County, in an effort to remedy this level of inaccuracy, has issued a RFP for the in-house services of a CPA Consulting Group to institute and establish policy and procedures to remedy this deficiency. Together with existing staff levels, the Board of Commissioners believes this will remedy the situation stated above. In conjunction with the RFP, the Board of Commissioners also agree to dedicate training funds to elevate the ability of our current Accounting Technician to a level of "Level I, CFO Certification" with the Carl Vinson Institute of Government.

PIKE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

2007-03 Control Environment of the Financial Operations of the Finance Office – Reiteration of Prior Year

CRITERIA

The control environment reflects the overall attitude, awareness, and actions of management, staff and other concerning the importance of internal control and its emphasis in the entity.

CONDITION

The audit procedures for 2008 identified a large number of material adjustments by the external auditor to correct accounting records and financial reports as follows:

- A substantial amount of non General Fund activity has been posted to the General Fund during the year. The Uniform Chart of Accounts requires accounting activity for Special Revenue Funds, Capital Project Funds and other fund types to be posted separately, see 2007-1.
- The County has not properly maintained the appropriate level of accounting discipline in regards to timely review of general ledger accounts for completeness in posting and accuracy. For example, some of the prior year receivable activity for the agency funds had not been reversed in the current year. Other agency fund FY2008 receivable activity had not been recorded at year end.
- Material adjustments of \$126,818 were necessary to record the Local Option Sales Tax receivable and revenue in the General Fund at year end and \$170,344 to record the Special Local Option Sales Tax receivable and revenue in the 2006 SPLOST Fund.
- Material adjustments of \$109,849 were necessary to record the construction cost of the Lifsey Springs and Williamson fire station payable and expenditure in the Bond Project Fund.
- Material adjustments of \$485,053 were necessary to properly report interfund accounts in the E911 fund.
- Material adjustments were needed in the Water Local Assistance Grant fund to properly report beginning fund balance, accounts payable, and accounts receivable balances at year-end.
- We noted while performing our audit procedures that no reconciliation is being performed on Juvenile Court supervision fees.
- We have noted some situations where the County does not have an adequate segregation of duties. Specifically, a number of bank reconciliations' are not reviewed by another individual for accuracy and proper approval.

EFFECT

Material audit adjustments were needed to fairly state financial information for the fiscal year ended October 31, 2008. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

CAUSE

Accounting personnel may have lacked adequate training to handle increasing complex requirements of governmental accounting.

PIKE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

RECOMMENDATION

The County should redesign the internal control system and provide adequate supervision of accounting personnel.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The CPA Consulting Group will address these issues for the overall effective decision making policies of this County. The added capacity of "Level I, CFO Certification" will also assist in this area.

PIKE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

2007-05 Capital Assets Records – Reiteration of Prior Year

CRITERIA

Accounting and control procedures should be designed to insure that capital asset activity is recorded and reported in the government-wide and business-type activities financial statements. Capital assets records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

CONDITION

The County has not adequately maintained capital asset records for the governmental activities. County employees were able to provide adequate capital asset records for current year additions, but have not been able to perform a complete inventory of all capital assets owned by the County.

EFFECT

County personnel had to recreate capital asset records.

CAUSE

In prior years the County relied on the external auditor to maintain capital asset records including depreciation schedules. Previous management of the County was not aware of the Government Auditing Standards that prohibit the external auditor from performing management functions.

RECOMMENDATION

A complete inventory of all capital assets should be performed each year on an annual basis. Detailed capital asset records must be maintained on an ongoing basis as a part of the overall accounting system of the County.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County is in the process of the completion of the Capital Asset & Fixed Assets in the Accounting Software. The physical survey of assets is complete and needs addition to the Asset Program. Once complete and input, the County will have a better handle on the Capital Asset Records.

PIKE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2008
(CONTINUED)

2008-01 Planning and Zoning

CRITERIA

Internal controls should be designed to reconcile the subsidiary ledger accounts with the general ledger control accounts and any differences discovered should be resolved on a timely basis.

CONDITION

Impact fees are being collected at the planning and zoning office. The planning and zoning office does not have an appropriate internal control structure in place to properly collect, receipt, and report impact fees. The software system does not provide a pre-numbered, sequenced receipt for each fee collected. In addition, no reconciliation is performed between the impact fees control listing and the final general ledger posting.

EFFECT

Discrepancies were discovered between the impact fees control listing and the general ledger control account. Failure to adequately monitor and reconcile activity could increase the likelihood of misappropriation of funds. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

CAUSE

The material weakness is the result of the County not establishing adequate controls over the collection and reconciliation of impact fees. In addition, the County sustained employee turnover in key positions within the planning and zoning department.

RECOMMENDATION

The County should redesign the internal control system and consider obtaining a software system that will assign a pre-numbered, sequenced receipt for each fee collected.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees. The County has added accounting modules in the Planning & Development department with pre-numbered, sequenced receipts with internal control policies.